

Delaware Insurance Department Notices Genworth Hearing

Dover, DE – The Delaware Department of Insurance (the “Department”) has announced that a public hearing will be conducted on Wednesday, November 28, 2018, at 9:00 a.m. concerning the Form A Application of China Oceanwide Holdings Group Co. Ltd. and certain of its affiliates (“China Oceanwide”) which seeks the Department approval to acquire Genworth Life Insurance Company (“GLIC”) and certain of its affiliates. The announcement follows the October 26, 2018, filing of a supplement to the previously filed Amended Application dated May 28, 2018. The supplement further changes a proposed transaction which was first announced by China Oceanwide and Genworth Financial, Inc. (“Genworth”) in December 2016. Since that time, China Oceanwide and Genworth have continued to adjust their proposed transaction to address various financial and other regulatory questions expressed by state, federal and international regulators, who are separately responsible for the review of the proposed transaction. The public hearing will be conducted at the Kent County Courthouse in Dover, Delaware.

Delaware Deputy Insurance Commissioner Tanisha Merced, Esquire, stated, “The most recent supplement affirms the parties’ agreement to provide \$375 million in liquid funds to GLIC as part of this proposed transaction. \$175 million are newly committed funds from Genworth and \$200 million will be deposited immediately at the transaction closing and will come from an intercompany transfer of a parental obligation. With the liquidity improvements described in the supplement, and after consultation with our colleagues at other state insurance departments, we feel that it is time to hold a public hearing to evaluate whether the proposed transaction satisfies Delaware’s statutory criteria for approval.”

Delaware's Insurance Code sets forth six specific criteria to be evaluated by the Insurance Commissioner in determining whether an applicant may acquire control of an insurance company. These criteria, and the evidence and testimony that the parties supply, are evaluated by a hearing officer who conducts a public hearing. Following such a hearing, the hearing officer makes written findings and recommendations to the Insurance Commissioner as to whether the proposed transaction satisfies the criteria. The public hearing in this matter will be presided over by Stephen P. Lamb, a former Vice Chancellor of the Delaware Court of Chancery. Judge Lamb is now a partner at Paul, Weiss, Rifkind, Wharton & Garrison. Deputy Commissioner Merced stated, "We are fortunate to have Judge Lamb available to hear this matter. Having someone who has critically analyzed the most important financial transactions in the world is a wonderful benefit to Delaware, and most especially, to the policyholders of Delaware companies such as GLIC."

Following the hearing officer's recommendation, Commissioner Trinidad Navarro will conduct his own review before issuing a final Order concerning the transaction. That review is often conducted quickly, but can occasionally last as long as 30 days. In addition to the statutory criteria used to evaluate the financial condition and fitness of the acquiring parties, policyholder protection and fairness are the number one priorities in every Form A. Deputy Commissioner Merced elaborated: "Every regulator in the country is focused on the troubled history and uncertain future of long term care insurance. As the lead regulatory in determining how this transaction impacts long term care policyholders, Delaware will continue to scrutinize this carefully to assure that those policyholders are best protected."

In addition to Delaware, the proposed transaction must be approved by the Insurance Departments of Virginia, North Carolina, and New York. Those states also have insurance

company subsidiaries that will change control as part of the transaction. Unlike Delaware, those states do not have public hearings to evaluate Form A transactions.

Following numerous delays in the progress of this transaction, including multiple extensions for the parties to obtain CFIUS approval, China Oceanwide and Genworth have recently publicly announced their hope that the proposed transaction can be completed by the end of 2018.

Documents concerning this matter can be accessed on the Delaware Department of Insurance website at <https://insurance.delaware.gov/publicinformationsessions/>.

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